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**Joint Audit Committee**

**Meeting Minutes**

**Date:** Monday 25 September 2023

**Time:** 1430hrs

**Location:** Mottisfont Court, Winchester

**Committee Members:**

Melvyn Neate (MN) Chair

Katherine Pears (KP)

Gordon Manickam (GM)

Amanda Hassell (AH)

John Banks (JB)

**In Attendance:**

Richard Croucher (RC) Chief Finance Officer, HIOWC

Andy Lowe (AL) Chief Finance Officer, OPCC

Jason Kenny (JK) Chief Executive, OPCC

Olan Jenkins (OJ) Senior Business Manager, OPCC

Tony Rowlinson (TR) Chief Superintendent – Force Change, HIOWC

Andrea Tompkins (AT) Head of Corporate Insights, HIOWC

George White (GW) Strategic Risk Manager, HIOWC

Karen Shaw (KSh) Chief Internal Auditor, OPCC & HIOWC

Kevin Suter (KSu) Ernst & Young

Rob Sarfas (RS) Corporate Accounting Manager, HCC

Jon McGuinness (JM) Principal Accountant, HCC

Andrew Boutflower (AB) Head of Investments & Borrowing, HCC

Karen Williams (KW) Staff Officer to Richard Croucher, HIOWC

Jane Goddard (JG) PA to Richard Croucher, HIOWC (minutes)

**Declaration of Interests (Item 1)**

There were no declarations of interest.

**Apologies (Item 2)**

Sam de Reya Deputy Chief Constable, HIOWC

Donna Jones Police & Crime Commissioner

**629.** **Chair’s Report (Item 3)**

Nothing of note to raise.

**630.**  **Minutes, Action Log and Matters Arising (Item 4)**

Minutes from the previous meeting, on 16 May 2023, were agreed as accurate.

There is one outstanding action (106), regarding plans for a future training session

on contracts and grants. JK confirmed these arrangements are in hand and he will

review progress with Kate Gunson and Caroline Sargeant.

**631. Statement of Accounts (Item 5)**

KSu updated that the accounts for 2022/23 have not yet been audited, due to significant delays and backlogs. This is a national issue and EY are awaiting further decisions and clarity from CIPFA. Work on financial statements has currently been paused to allow focus on priority areas of Local Authority pension fund accounts and value for money work.

At this time there is no indication as to when the audit will take place and there is a risk this will not be completed. MN asked at what stage the accounts can be signed by the CC and PCC. RC advised the unaudited accounts could be signed and published now and replaced with the audited version if we are in a position to do so.

Question from AL regarding next steps if the audit does not take place. KSu advised that EY may be directed to accept the unaudited accounts as satisfactory and then focus on 2023/24.

AH asked who is responsible for deciding which accounts are audited and the level of risk involved? KSu confirmed that this would be EY’s decision and an explanation would be provided to justify the stance taken.

GM asked what measures EY are taking to resolve this issue for the future. KSu advised that recruitment has been ongoing, however the market is extremely competitive and there is an intensive training period involved. Work is also taking place with CIPFA. It is noted that using internal auditors to fill this gap is not a viable option, due to the different skillsets, reach and scope.

Question from KP as to whether audit committees can implement or support any wider national action? KSu responded that JAC members should continue to collectively support RC.

MN asked about reputational risk and accountability, as members of the public can see that the accounts have not been audited. KSu confirmed that the current position is being widely communicated to ensure consistency in the messaging, including from the PSAA, CIPFA and EY. Notices will be placed on the websites with agreed wording, which can be shared with JAC members in advance.

MN commented that delays and non-ratification of audits for this period will have implications for future years. KSu acknowledged this and advised that adjustment periods and levels of risk are being widely discussed. RC also noted that budget reports are still being produced, so there will be no loss of financial documentation.

It was confirmed that the Annual Governance Statement (AGS) has been finalised and signed. These are standalone documents and do not need to be signed off by EY. In relation to this, JB asked whether the AGS is affected by the delays to the external audit. RC stated this is more likely to impact the 2023/24 period and that the AGS is more focused on internal matters, rather than external.

Final comments from MN, noting that whilst the situation is far from ideal, this is a national issue and not exclusive to HIOWC.

**632. Treasury Management Outturn Report (Item 6)**

Presented by AB and all in line with the CIPFA Code of Management. Updates were provided on the following sections by exception.

Section 5 - The figures are normal and in line with expectations.

Section 6 – The PCC still has no plans to borrow. Advice was sought from Arlingclose regarding early repayment of a PWLB loan.

Section 8 –Investments are in line with guidance. Table 5 reflects a satisfactory position.

Section 10 – Confirmation that full compliance is recorded for the year.

Comment from MN regarding section 8.3 and prepayment of employer pension contributions, noting this offers good value for money. AL further advised that the savings are then able to offer immediate investment return.

**633. External Audit Update (Item 7)**

Update provided as part of item 5. Nothing additional to raise.

 **634. Internal Audit Progress Report (Item 8)**

Overview provided by KSh and an amendment noted to the Health & Safety

actions, which should show as two complete and four in progress. There is one

report for 2022/23 to be finalised but work on this is in progress.

All audits for Q1 and Q2 have been allocated. KSh advised there are likely to be

delays to initial completion deadlines, due to staffing issues. Recruitment has been

successful but significant training requirements and timings are acknowledged.

There is every confidence in the ability to catch up on the work and complete the

annual report in time. Any significant concerns around deadlines will be flagged

immediately but this is not expected to be an issue.

It was noted that the outstanding action for OJ around Health & Safety compliance

has been completed, which is a positive result.

Regular meetings continue to take place between KSh, RC and JK, which support

progress and completion of actions.

**The public session closed at 1520hrs**